



Motor Fuel Tax Changes

Informational Bulletin

September 1999

Director Glen L. Bower

For information or forms...

- ◆ Call us at:
217 782-2291
- ◆ Write us at:
Motor Fuel Tax Division
Illinois Department of Revenue
P.O. Box 19477
Springfield, IL 62794-9477
- ◆ Visit our Web site at:
www.revenue.state.il.us
- ◆ Call
"Illinois Tax Fax," our
fax-on-demand service, at:
217 785-3400
- ◆ Call
our 24-hour
Forms Order Line at:
1 800 356-6302

To:

Motor Fuel Suppliers, Distributors, Receivers, Blenders, Bulk Users, and IFTA carriers

Beginning January 1, 2000, there are several changes to the Motor Fuel Tax Law.

Illinois is implementing a dyed diesel fuel program.

- Any special fuel sold or used for nonhighway purposes must be dyed.
- Dyed diesel fuel transactions must be reported separately from other motor fuel transactions.

There will also be changes in motor fuel licensing and bonding.

- Bulk user licenses will no longer be required.
- The qualifications for a supplier license now include a bulk storage requirement.
- Bond amounts will be based on monthly gallonage.

Also, there will be additional penalties for commercial motor vehicles operating with a revoked motor fuel use tax (IFTA) license.

What is dyed diesel fuel?

Dyed diesel fuel means any special fuel that has dye added per Section 4d of the Motor Fuel Tax Law.

What are some of the requirements regarding dyed diesel fuel?

Special fuel sold or used for nonhighway purposes must be dyed prior to removal from the terminal rack.

Dyed diesel fuel storage tanks, containers, or facilities must be labeled with a

legible and conspicuous notice stating "Dyed Diesel Fuel, Non-Taxable Use Only."

Shipping papers, bills of lading, and invoices accompanying any sale of dyed diesel fuel must contain a legible and conspicuous notice stating "Dyed Diesel Fuel, Non-Taxable Use Only, Penalty For Taxable Use."

What are some examples of noncompliance regarding dyed diesel fuel?

- Knowingly selling dyed diesel fuel for highway use.
- Knowingly attempting to sell dyed diesel fuel for highway use.
- Knowingly selling or transporting dyed diesel fuel without the required dyed diesel notice.
- Storing dyed diesel fuel in a container, storage tank or facility without the required dyed diesel fuel notice.
- Having dyed diesel fuel stored within ordinary fuel tanks attached to a licensed motor vehicle.

Note: If you use special fuel containing **any** evidence of dye for highway purposes, you will be subject to penalties.

Are there changes for reporting my motor fuel transactions?

Yes. You will be required to separately report your dyed diesel fuel transactions beginning with the January 2000 liability period.

We revised the monthly motor fuel tax return, Form RMFT-5, Motor Fuel Distributor/Supplier Tax Return, and

Form RMFT-5-US, Underground Storage Tank Tax/Environmental Impact Fee Return. The amended motor fuel tax return, Form RMFT-5-X, and the amended receiver return, Form RMFT-5-US-X, have been revised to reflect the changes to the original return.

We revised some schedules, and we created new schedules to include separate reporting of dyed diesel fuel.

Due to the requirements of separate reporting of dyed diesel fuel transactions, Schedule SD-1 and Form IDR-648, Purchases of Special Fuel/Motor Fuel Tax, will be obsolete beginning with the January 2000 liability period.

What are the new schedules for reporting my dyed diesel fuel transactions?

- Schedule DA - Report on this schedule your receipts of dyed diesel fuel.
- Schedule DB - Report on this schedule the dyed diesel fuel you sold to the federal government, authorized foreign diplomats, municipal corporations owning and operating local transportation systems, and certain privately owned public utilities.
- Schedule DC - Report on this schedule the dyed diesel fuel you exported to other states.
- Schedule DD - Report on this schedule the dyed diesel fuel you sold to other licensed distributors, suppliers, and receivers.
- Schedule DD-1 - Report on this schedule the dyed diesel fuel you sold to all persons who are not licensed as a distributor or supplier.

What are the changes to the magnetic media (*i.e.*, disk, diskette, cartridge) filing requirements?

You must include the new and revised schedules in your programming to separately report your dyed diesel fuel transactions beginning with the January 2000 liability period.

Please refer to the Magnetic Media Filing Formats for Motor Fuel Reporting booklet for further detail regarding magnetic media filing.

How do I claim a refund for undyed diesel fuel used for nonhighway purposes?

You will still file Form RMFT-11, Illinois Motor Fuel Tax Refund Claim; however, claims will be limited to

- commercial vehicles that are operated for both highway **and** nonhighway purposes, and
- unlicensed commercial vehicles operating on private property.

The department will establish by regulation specific limits on the amount of undyed diesel fuel that may be claimed for refund.

What license requirements change?

Bulk users - All bulk user licenses will be cancelled effective December 31, 1999. However, if you had a bulk user license at any time during 1999, you must file Form RMFT-5-SFB, Bulk User's Tax Return, for the 1999 filing period, due April 15, 2000.

Suppliers - The definition of a supplier of special fuel is any person who

- transports special fuel into Illinois
or

- distributes special fuel primarily by tank car or tank truck, or both, **and** operates an Illinois bulk storage plant with an active bulk storage capacity with a minimum of 30,000 gallons for special fuel.

How have bonding requirements changed?

The bond amount required for a motor fuel distributor's or supplier's license will not exceed twice the monthly amount that would be collectable as a tax in the event of a sale on all the motor fuel sold, distributed, and used by the distributor or supplier inclusive of tax-free sales, use, or distribution.

The bond amount required for a receiver's license will not exceed twice the monthly amount that would be due as a tax in the event of a sale on all the fuel sold and used by the receiver inclusive of tax-free sales or use.

Are there other changes affecting commercial motor vehicles?

Yes. In addition to existing penalties, if a commercial motor vehicle is found operating in Illinois

- (1) with a revoked motor fuel use tax (IFTA) license the
 - operator is guilty of a petty offense, **and**
 - commercial motor vehicle will be placed out-of-service.
- (2) without a valid motor fuel use tax license (IFTA) and without properly displaying decals *or* without a valid single trip permit, the person required to obtain such license or permit is subject to penalty.

There will also be additional penalties for subsequent offenses. ▲